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E.O. 12958: DECL: 12/18/2016

TAGS: [ECON](#) [EAIR](#) [EINV](#) [SENV](#) [PL](#)

SUBJECT: LOT POLISH AIRLINES VIEW ON INCLUSION OF AVIATION
IN EMISSIONS TRADING SCHEME

REF: A. SECSTATE 190254

[1](#)B. WARSAW 02457

Classified By: Acting Economic Counselor Laura Griesmer for reasons 1.4
(b) and (d).

[1](#)1. (C) In a follow up to reftels, EconOff met with Edyta Michalak and Rafal Szalc of LOT Polish Airlines legal department to discuss inclusion of international aviation in the European Emissions Trading Scheme (ETS). LOT lawyers explained to EconOff that LOT is currently embroiled in a domestic legal situation over aviation emissions and believes that potential inclusion of aviation in the ETS might make things simpler for them. There is a domestic Polish law that requires all industry to pay a fee for the emissions it produces. Prior to 2002 this law did not include the aviation sector. However, since 2002 the aviation sector has been included. Therefore, LOT finds itself responsible for paying a fee for all emissions it produces on domestic flights as well as the domestic portions of all international flights.

[1](#)2. (C) Szalc explained that there is a dispute between LOT and the government about how to measure emissions and, therefore, how much LOT should be required to pay. LOT has not yet paid any of these fees, but believes it will have to back pay from [1](#)2002. Szalc estimates that this fee amounts to approximately 30% of operating costs on those flights affected. He believes that if aviation is included in the ETS, the domestic law will be changed and LOT will not be responsible for this very high and difficult to calculate domestic fee. Therefore, he sees it as a potential solution to LOT's domestic problem.

[1](#)3. (C) However, Iza Szymajda, Director of the Corporate Division (and part of former LOT President Kapis' inner circle and strategic advisory group), told EconOff that LOT has been a part of lobbying efforts of the Association of European Airlines. Through this operators' association, LOT has been involved in the discussions regarding the EU proposal. Szymajda says that the Association of European Airlines has an unofficial view that the inclusion of aviation in an emissions trading scheme should happen on a global scale and be handled through ICAO. However, since the Association has only seen an unofficial draft of the

proposal, this is only an unofficial draft reaction. The official position of the Association will not be made until there is an official proposal from the EU.

HILLAS